

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

Order Instituting Rulemaking to
Establish Policies, Processes, and Rules
to Ensure Safe and Reliable Gas Systems
in California and perform Long-Term
Gas System Planning

Rulemaking 20-01-007
(Filed January 16, 2020)

**COMMENTS ON AMENDED SCOPING MEMO OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

Roger E. Collanton
General Counsel
Anthony Ivancovich
Deputy General Counsel
Jordan Pinjuv
Senior Counsel
California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630
Tel.: (916) 351-4429
Fax: (916) 608-7222
jpinjuv@caiso.com

Attorneys for the California Independent
System Operator Corporation

November 2, 2021

Table of Contents

I. Introduction.....	1
II. Discussion.....	1
A. The Commission Should Ensure Coordination with Other Entities and Across Commission Proceedings.....	1
B. Grid Conditions May Continue to Drive Natural Gas Usage.	2
C. The Commission Should Consider High Electrification Impacts on the Natural Gas Usage.	3
D. Electrification Blurs the Distinction Between Core and Non-Core Demand.	3
E. Additional Clarifications on Specific Questions.....	4
III. Conclusion	4

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

Order Instituting Rulemaking to
Establish Policies, Processes, and Rules
to Ensure Safe and Reliable Gas Systems
in California and perform Long-Term
Gas System Planning

Rulemaking 20-01-007
(Filed January 16, 2020)

**COMMENTS ON AMENDED SCOPING MEMO OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

I. Introduction

Per Article 7 of the Commission's Rules of Practice and Procedure, the California Independent System Operator Corporation (CAISO) submits comments on the *Assigned Commissioner's Amended Scoping Memo and Ruling* (Ruling).

II. Discussion

The Ruling separates Track 2 into three sub-tracks: Track 2a for Gas Infrastructure; Track 2b for Safety, Data, and Process; and Track 2c for Gas Revenues and Rate Design and Workshop Issues. The CAISO provides comments in four broad categories. First, for each of these tracks the Commission should ensure coordination with other state agencies and their processes and with other Commission proceedings. Second, the Commission should coordinate with electric resource planning processes because renewable integration and other grid conditions such as intra-day ramping may still require natural gas-fired generation even if overall gas consumption decreases. Third, the Commission should coordinate with the CEC on high electrification assumptions and other impacts of fuel switching on both the gas and electric generation systems. Lastly, the Commission should consider how electrification will blur the distinction between core and non-core customers.

A. The Commission Should Ensure Coordination with Other Entities and Across Commission Proceedings.

The Commission should ensure there is robust inter-agency and inter-proceeding coordination across all tracks but especially in Track 2a and for data-related concerns under Track 2b. For example, the Commission should coordinate with the California Energy Commission (CEC) and the California Air Resources Board (CARB) in long-term state planning

processes such as the Senate Bill (SB) 100 Joint Agency Report process.¹ State-wide coordination is essential to produce actionable plans to ensure there is sufficient infrastructure to maintain both gas and electric reliability. As discussed in detail below, state policy towards electrification may cause an overall decrease in the use of natural gas but may increase usage at specific times or locations. Therefore, the Commission should also ensure coordination across key proceedings such as the integrated resource planning (IRP), resource adequacy, transportation electrification, the investigation into Aliso Canyon closure, and high distributed energy resource planning.² Lastly, the Commission should ensure there is coordination with affected gas and electric systems such as the Los Angeles Department of Water and Power (LADWP).

B. Grid Conditions May Continue to Drive Natural Gas Usage.

The proceeding scope highlights several drivers of natural gas use reduction such as “[p]rospective events include[ing] new state and municipal laws concerning greenhouse gas emissions that will result in the replacement of gas-fueled technologies and, in turn, reduce the demand for natural gas.”³ Although natural gas usage may decline overall, increasing renewable penetration may lead to continued reliance on gas-fired generation for intra-day ramping needs and during multiple days of low solar generation.⁴ Short-duration energy storage can mitigate some of this need, but as the CAISO’s studies provided to the Commission show, electric transmission constraints in local capacity areas limit the amount of battery storage deployment.⁵ In light of these interactions and to better understand the gas needs of the electric system, the Commission should coordinate Track 2 assumptions, data, and analyses with resource planning

¹ <https://www.energy.ca.gov/sb100>

² *Order Instituting Rulemaking to Continue Electric Integrated Resource Planning and Related Procurement Processes*, R.20-05-003; *Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Reforms and Refinements, and Establish Forward Resource Adequacy Procurement Obligations*, R.21-10-002; *Order Instituting Rulemaking to Continue the Development of Rates and Infrastructure for Vehicle Electrification*, R.18-12-006; *Order Instituting Investigation pursuant to Senate Bill 380 to determine the feasibility of minimizing or eliminating the use of the Aliso Canyon natural gas storage facility located in the County of Los Angeles while still maintaining energy and electric reliability for the region*, I.17-02-002; *Order Instituting Rulemaking to Modernize the Electric Grid for a High Distributed Energy Resources Future*, R.21-06-017.

³ Ruling, p. 1.

⁴ CAISO, Comments on Preliminary Scope, R.20-01-007, February 26, 2020. Available at: <http://www.caiso.com/Documents/feb26-2020-Comments-ScopeProceeding-SafeandReliableGasSystems-R20-01-007.pdf>

⁵ CAISO, 2022 Local Capacity Technical Study, April 30, 2021, pp. 24-25. Available at: <http://www.caiso.com/InitiativeDocuments/Final2022LocalCapacityTechnicalReport.pdf>

exercises such as the IRP proceeding, investigation into Aliso Canyon closure, and SB 100 processes. Detailed and specific data will also allow the CAISO to coordinate effectively with the Commission and parties to consider local area needs and transmission system impacts.

C. The Commission Should Consider High Electrification Impacts on the Natural Gas Usage.

The Commission should balance downward demand of natural gas use with potentially increasing demand due to high electrification driven by state goals. As noted in the scope for Track 2b, the CEC will consider the long-term gas demand in its Integrated Energy Policy Report (IEPR) and collaborate with the Commission on this proceeding and develop necessary assessments.⁶ The Commission should also coordinate with the CEC and other state agencies to develop high electrification demand forecasts or scenarios through the IEPR process. This will allow the Commission to understand the overall impacts on electricity usage, which is currently supported by natural gas-fired generation.

As the CAISO previously stated, high electrification forecasts should be derivative of, and compatible with, the CEC's IEPR forecast because it provides the necessary hourly locational and load modifier granularity to conduct transmission planning analyses.⁷ Gas demand forecasts should also be granular given that overall gas usage might decrease, but the hourly gas usage of electric generators may still be high during ramping periods. As noted above, the interplay between electric generation transmission limitations and high electrification may mean certain areas of the grid will remain dependent upon existing natural gas-fired generation.

D. Electrification Blurs the Distinction Between Core and Non-Core Demand.

The Scoping Memo addresses the needs of electric generation separately from other needs.⁸ Although this parallels the current prioritization of core over non-core customers, electrification will blur the distinction between them. For example, if residential heating switches from gas to electricity, but the electricity is supplied by natural gas-fired power plants, it is not clear whether the electric generator would still be considered non-core and prioritized

⁶ Ruling, p. 6.

⁷ CAISO, Comments on ALJ Ruling Seeking Comments on Preferred System Plan, R.20-05-003, p 3. Available at: <http://www.caiso.com/Documents/Sep27-2021-OpeningComments-ProposedPreferredSystemPlan-IntegratedResourcePlanning-R20-05-003.pdf>

⁸ Ruling, question 2.1(f).

below other core customers. The Commission should therefore consider electric generation reliability and gas system reliability together.

E. Additional Clarifications on Specific Questions.

The CAISO provides two clarifications on questions in the Ruling.

Track 2a(b.ii.) – *How should the cost to repair or replace the infrastructure be balanced against its reliability benefits?*

The Commission should ensure that “reliability benefits” include consideration of electric reliability benefits.

Track 2a(d.ii) and Track 2a(e.ii) - *What community characteristics, such as designation as a disadvantaged community (DAC), should be considered?*

The Commission should ensure consistent used of DAC definitions across Commission proceedings such as the investigation into Aliso Canyon closure and IRP, with state agencies such as the CEC and CARB, and in other planning activities such as SB 100.

III. Conclusion

The CAISO appreciates the opportunity to provide comments on the Ruling and looks forward to working collaboratively with the Commission on long-term gas system planning to ensure both gas and electric reliability.

Respectfully submitted

By: /s/ Jordan Pinjuv

Roger E. Collanton

General Counsel

Anthony Ivancovich

Deputy General Counsel

Jordan Pinjuv

Senior Counsel

California Independent System

Operator Corporation

250 Outcropping Way

Folsom, CA 95630

Tel: 916-351-4429

Fax: 916-608-7222

Email: jpinjuv@caiso.com

Dated: November 2, 2021

Attorneys for the California Independent
System Operator Corporation